

Before the
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive International Products Price Changes
Rates of General Applicability

Docket No. CP2021-15

PUBLIC REPRESENTATIVE COMMENTS ON
PROPOSED CHANGES IN RATES OF GENERAL APPLICABILITY FOR
INTERNATIONAL COMPETITIVE PRODUCTS

(October 27, 2020)

I. INTRODUCTION

The Public Representative hereby provides comments pursuant to Commission Order No. 5718 concerning proposed changes in rates of general applicability for competitive international products.¹ In that Order, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on the Postal Service notice of rate changes filed pursuant to 39 C.F.R. § 3015.2.²

Attached to the Notice is Governors' Decision No. 20-4, which sets forth the price changes and includes draft Mail Classification Schedule (MCS) language for competitive international products of general applicability. The Governors' Decision also includes relevant projected volumes, revenues, attributable costs, contribution, and cost

¹ Notice and Order Concerning Changes in Rates of General Applicability for Competitive International Products, October 13, 2020. (Order No. 5718)

² United States Postal Service Notice of Changes in Rates of General Applicability for Competitive International Products, October 9, 2020, (Notice).

coverage for each product. Notice at 1-2. The Postal Service also filed unredacted cost data and supporting materials under seal.

The Public Representative comments that follow first address the proposed rate changes and then other proposed changes to the Mail Classification Schedule.

II. PROPOSED PRICE CHANGES

The Postal Service proposes price increases for all competitive international products as summarized below.

Proposed Price Changes

Product Name	Average Price Increase (percent)
Global Express Guaranteed	0.9
Priority Mail Express International	3.6
Priority Mail International	5.1
International Priority Airmail	74.1
International Surface Air Lift	32.6
Airmail M-Bags	5.0
First-Class Package International Service	4.8
International Ancillary Services	3.4

Source: See Governors' Decision No. 20-4 at 2-3.

Requirements of 39 U.S.C. § 3633. Pursuant to 39 U.S.C. § 3633(a), the Postal Service's competitive prices must not result in the subsidization of competitive products by market dominant products; ensure that each competitive product will cover its attributable costs; and, ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service.

The Public Representative has reviewed the documentation filed under seal in this docket. Based upon that review, the Public Representative finds that the proposed prices should allow each of the competitive international products above to cover attributable cost. Furthermore, the proposed rates are unlikely to cause the subsidization of competitive products by market dominant products, or to cause competitive products to fail to meet the appropriate share requirement.

In its Annual Compliance Determination Report, Fiscal Year 2019, the Commission identified International Priority Airmail (IPA) as a non-compensatory product. Since that time, an average price increase of approximately 5.9 percent went into effect, and the proposed price increase is sizable. The Public Representative expects that the proposed prices for IPA will achieve cost coverage of the product.

III. OTHER CHANGES

In addition to price changes, the Postal Service proposes the following changes to the MCS:

- For Priority Mail Express International (PMEI) and Priority Mail International (PMI), an increase in the number of country groups from 17 to 20.
- For both International Priority Airmail (IPA) and International Surface Air Lift (ISAL), an increase in the number of country groups from 19 to 20 as well as a minor change to the size limits of IPA packets and ISAL packets to conform with international standards, which will limit the minimum length to 6 inches and minimum height to 4 inches.
- For Outbound Single-Piece First-Class Package International Service (FCPIS), an increase in the number of country groups from 9 to 20, as well as a minor change to the size limits of FCPIS to conform with international standards, which will limit the minimum length to 6 inches and minimum height to 4 inches.

Revisions to the country group assignments in Part D of the Mail Classification Schedule for PMEI, PMI, IPA, ISAL, and FCMI. Notice at 2.

The Public Representative reviewed the Postal Service's workpapers to ensure the changes were accurately represented. The Public Representative recognizes the wide latitude or authority that the Postal Service has to make classification changes, especially within the competitive arena. In this regard, the Public Representative does

not find any inconsistencies with the changes described above pursuant to 39 CFR 3020 subparts B and E.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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